

Tarsus Pharmaceuticals 401(k) Plan

Overview of After-Tax (non-Roth) Contributions

The Tarsus Pharmaceuticals 401(k) Plan has a third contribution type called After-Tax (non-Roth), to allow employees to contribute more to the 401(k) Plan on a tax-advantaged basis. Below is an overview of the strategy and how to execute it, based on 2025 IRS limits.

What are After-Tax (non-Roth) contributions?

- After-Tax (non-Roth) 401(k) contributions allow you to increase your combined contributions (pre-tax, Roth, after-tax and employer match) to \$70,000* in 2025.
- You pay taxes on your contributions.
- When money is withdrawn, you pay income taxes on earnings only.
- Best practice (but not required) is to contribute (pre-tax and/or Roth) to the maximum IRS limit of \$23,500* before considering After-Tax (non-Roth) 401(k) contributions.

Example:

Employee earns \$100,000, contributes the maximum to the 401(k) Plan, and receives the full 5% employer match¹:

\$23,500* (pre-tax/Roth)

\$5,000 Employer Match¹

\$41,500 After-Tax Capacity[^]



[^]Individual capacity depends on matching amounts received (impacted by compensation)

Maximum Employee and Employer Contribution: \$70,000*

You can convert your After-Tax contributions to Roth!

- By using the Roth In-Plan Conversion feature, you could convert your After-Tax 401(k) contributions to a Roth 401(k).
- A Roth 401(k) conversion shields converted funds from future taxes.²
- Any gains on After-Tax 401(k) contributions would be treated as taxable income to you in the year of the conversion.
- Advantages gained by converting After-Tax 401(k) money to a Roth 401(k):
 - **Tax-Free Growth:** Growth and qualified distributions in a Roth 401(k) are tax-free.
 - **Tax Diversification:** Money is spread among multiple retirement account tax structures, to give you more flexibility with tax planning.
 - **No RMDs:** Roth money is not subject to required minimum distributions (RMDs), so your contributions will have more time to generate tax-free earnings.



NOTE: A new 5 year holding period applies for each Roth conversion in order to avoid a 10% early withdrawal penalty. MMA Securities LLC does not provide tax advice. Seek the support of qualified tax expert for specific questions.

For additional questions on After-Tax contributions and the After-Tax conversion to Roth strategy, contact our 401(k) Plan advisors: Erik Pflaum, CFP® Erik.Pflaum@MarshMMA.com; Eric Gefre, CRPS® Eric.Gefre@MarshMMA.com.

*For 2025: This amount increases by \$7,500 if you are age 50 or older, or by \$11,250 if you are between the ages of 60-63 as of year-end.

¹Matching contributions are discretionary and are subject to change.

²The qualified distribution is taken after reaching age 59½, or upon death; or disability; and the withdrawal occurs at least five years after the Roth 401(k) conversion.

Fidelity Website Instructions: Electing an After-Tax Savings Rate

Follow these steps to elect an After-Tax savings rate:

1. Login to your Fidelity 401(k) account at www.netbenefits.com or by calling (800) 835-5097.
2. Select "Contributions", then "Contribution Amount".
3. Update your desired After-Tax contribution rate, then select "Change Contribution Amount".
4. To establish automated After-Tax to Roth conversions, call Fidelity over the phone and explain that you would like to establish an automated "After-Tax to Roth conversion after each paycheck contribution".

Summary

Contributions

Investments

Contribution Amount

Manage Your Contribution Amount

Contribution Amount

view or update the amount you contribute to your retirement savings plan.

Contribution Amount	
PRE-TAX	
Current Election	0 %
Desired Election	<input type="text" value="0"/> %
(0% to 90% in increments of 1%)	
ROTH	
Current Election	0 %
Desired Election	<input type="text" value="0"/> %
(0% to 90% in increments of 1%)	
Pre-tax and Roth Subtotal	
Current Election	0 %
Desired Election	0 %
AFTER-TAX	
Current Election	0 %
Desired Election	<input type="text" value="0"/> %
(0% to 90% in increments of 1%)	
Current Election	0 %
Desired Election	0 %
(0% to 90%)	
Contribution Amount Total	
Current Election	0 %
Desired Election	0 %
(0% to 90%)	

Your changes will generally take effect in 1 to 2 pay periods depending upon when your employer makes your requested payroll change.

Change Contribution Amount